

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company for Adoption of Electric Revenue
Requirements and Rates Associated with its
2015 Energy Resource Recovery Account
(ERRA) and Generation Non-Bypassable
Charges Forecast

Application 14-05-024
(Filed May 30, 2014)

(U 39 E)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
COMMENTS ON PROPOSED DECISION
RESOLVING VINTAGING METHODOLOGY**

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TABLE OF CONTENTS

	Page
SUBJECT INDEX OF RECOMMENDED CHANGES	ii
I. THE COMMISSION SHOULD DIRECT THE PARTIES TO DEVELOP VINTAGING RULES	2
II. THE PD REQUIRES CLARIFICATION IN TWO AREAS	3
A. Vintaging For A CCA Phase-In of Service.....	3
B. The PD Should Be Clarified Regarding Customers Opting-Out	5
III. PG&E HAS WORKED WITH CCA AND DA REPRESENTATIVES TO ADDRESS TRANSPARENCY AND FORECAST ISSUES AND LOOKS FORWARD TO PARTICIPATING IN THE WORKING GROUP	6
ATTACHMENT A - PG&E's proposed modifications to the PD	
ATTACHMENT B - CleanPower SF Proposed Phase-In	

Subject Index of Recommended Changes

Pursuant to California Public Utilities Commission Rule 14.3(b), Pacific Gas and Electric Company (“PG&E”) provides the following subject index listing recommended changes to the *Proposed Decision Resolving Vintaging Methodology for Power Charge Indifference Adjustment for Community Choice Aggregation Customers* issued by Administrative Law Judge (“ALJ”) Tsen on July 19, 2016 (“PD”):

- Clarify the Conclusions of Law and Ordering Paragraphs to address circumstances where a Community Choice Aggregator (“CCA”) phases in service to a geographic area.
- Clarify the Conclusions of Law and Ordering Paragraphs to be consistent with the discussion in the PD, specifying that a customer who opts out of CCA service at any time is assigned a vintage based on the date that customer subsequently leaves bundled service.
- Direct the parties to work together to develop vintaging rules that would be included as a part of each utility’s respective tariffs regarding CCA implementation.

PG&E’s proposed modifications to the PD are included as Attachment A to these comments.

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Pacific Gas and Electric Company (“PG&E”) respectfully submits these comments on the *Proposed Decision Resolving Vintaging Methodology for Power Charge Indifference Adjustment for Community Choice Aggregation Customers* issued by Administrative Law Judge (“ALJ”) Tsen on July 19, 2016 (“PD”).

While PG&E continues to support its current approach to the vintaging issue, which treats the vintage of each service address consistent with the procurement decisions made by the occupants, PG&E also believes that the PD adopts a reasonable alternative approach and applauds ALJ Tsen’s work at resolving a complex and contentious issue. PG&E does not oppose the PD’s vintaging approach, or the direction for Southern California Edison Company (“SCE”) and Sonoma Clean Power (“SCP”) to co-lead a working group to address improving transparency and access to Power Charge Indifference Adjustment (“PCIA”)-related information.

However, as the Commission and ALJ Tsen are likely well aware, the challenge with vintaging is always in the implementation given what are sometimes unique or unanticipated situations. In order to provide as much clarity as possible, PG&E requests that the PD be modified to direct the parties to work to develop vintaging rules that would ultimately be

incorporated into each utility's respective tariff for Community Choice Aggregation ("CCA") service. In addition, two aspects of the PD related to PCIA vintaging require clarification or further detail. With the inclusion of these proposed clarifications, PG&E fully supports the PD.

I. THE COMMISSION SHOULD DIRECT THE PARTIES TO DEVELOP VINTAGING RULES

The PD provides a framework for how to vintage CCA customers going forward. However, there may be specific details and situations related to PCIA vintaging that are not explicitly addressed by the PD. Moreover, parties would likely benefit from a set of clearly stated vintaging rules, included in each utility's CCA Tariff, rather than needing to go back and review the Commission's decision in this proceeding and potentially decisions from earlier proceedings. In order to avoid future questions or disputes about vintaging, an issue which has already consumed a substantial amount of time and resources, PG&E proposes that the PD be modified to direct the parties to work together to develop clear and concise vintaging rules that could then be incorporated into the utilities' respective CCA Tariffs. In PG&E's case, this would mean amending Electric Rule 23 to include vintaging rules. By developing clear rules and incorporating them into the utilities' respective tariffs, current and future CCAs, as well as customers, can readily review and become familiar with the vintaging rules, without needing to review the decision in this proceeding or earlier Commission decisions regarding vintaging.

PG&E proposes that the Commission revise the PD and direct the parties to work together to develop vintaging rules and that once this work is completed, the utilities file advice letters to update their respective CCA Tariffs. Proposed language for the PD to accomplish this is included in Attachment A to these comments.

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II. THE PD REQUIRES CLARIFICATION IN TWO AREAS

A. Vintaging For A CCA Phase-In of Service

The PD does not expressly address a situation where a CCA begins to provide service in a geographic area over a period of several years. For example, CleanPower San Francisco (“CleanPower SF”), which initiated service to a relatively small subset of customers within the San Francisco in May, 2016, currently plans to extend service in phases over a six-year period from 2016 to 2022.¹ CleanPower SF’s May 2016, launch was for 30 megawatts (“MW”) out of the approximately 525 MW average load in the San Francisco, which represents 6% of the San Francisco load. Many San Francisco residents will not become CCA customers for several years or more, and CleanPower SF may decide during the phase-in process not to pursue additional phases or to delay the phase-in process.

In this situation, where it is uncertain when or whether certain additional phases will receive service, the utility must continue to plan for customers if the CCA has not provided a Binding Notice of Intent (“BNI”) that covers each phase of service. This is especially true where the phase-in process is lengthy, such as the six-year phase in proposed by CleanPower SF. In this example, it would not be reasonable to give all customers in San Francisco a 2016 vintage when the vast majority of them may not receive CCA service until 2019, or later, depending on the outcome and timing of subsequent CleanPower SF phases and no BNI has been provided covering all of the phases.

There are two ways to address the situation where a CCA phases-in service. First, the CCA can submit a BNI before it provides service for its first phase that specifies and binds the

¹ Included as Attachment B to these comments is a timeline presented by the San Francisco Public Utilities Commission summarizing its proposed phase-in of CCA service between 2016 and 2022.

CCA to a service date for each subsequent phase. Second, a CCA phasing in service can submit a separate BNI for each phase before it starts to provide service for that phase, or can simply initiate service for each phase. Providing a separate BNI for each phase of service gives the CCA flexibility to delay or modify the phase-in schedule, but also means that the utility will need to continue procuring for the customers in subsequent phases until it receives the BNI for the subsequent phase or the CCA initiates service.

The PD should be clarified to state that when CCA service is phased-in, and the CCA has not provided a BNI covering all of the proposed phases when it initiates service for the first phase, then the vintage date for departing customers should be the date of a subsequent BNI for a specific phase or the date the customer actually takes CCA service for a specific phase. This is entirely consistent with the PD, which specifies that the date a vintage is set is based either on the date in the BNI or the date actual service is provided.² To address the situation where a CCA phases-in service, the PD should be clarified to state that the initial BNI must either address each specific phase-in date, or the vintage date is set when a BNI for a specific phase is submitted or service begins.

If a CCA provides a BNI covering all of the phases that it has proposed, then the utility no longer has to procure for each phase because the CCA has made a binding commitment to start service for each phase on a specific date. However, if the CCA has not provided a BNI that covers each phase, but has only provided a BNI for its first phase and an Implementation Plan for subsequent phases, the utility must continue to procure for later phases because the CCA's commitment to subsequent phases occurring on certain dates is not binding. The PD recognizes

² PD at p. 15 (recognizing that PCIA vintages should be based either on when actual service is provided or the date specified in a BNI).

for vintaging purposes the importance of a BNI in distinguishing when a CCA commits to providing service.³ PG&E's proposed clarification is consistent with this approach, requiring that for each phase either service have been initiated or a BNI covering that phase have been provided at the outset.

PG&E's proposed clarification to the PD on this issue is also consistent with Commission precedent, which adopted an approach requiring that vintages be set based on the date of customer phase-ins,⁴ and is consistent with the comments of CCA parties in this proceeding recognizing separate vintaging dates based on CCA phases.⁵

Finally, consistent with the PD's proposed approach, if a given customer opts-out when CCA service is first offered, and a new customer subsequently moves in to that service address, the vintage for that new occupant would be the date that CCA service was initially offered at that service address even if the previous customer had opted-out of CCA service. Furthermore, under a phase-in approach similar to the one employed by CCSF, customers locating in newly constructed buildings would be assigned a vintage based on the date of occupancy or the last phase of CCA service, whichever is earlier.

B. The PD Should Be Clarified Regarding Customers Opting-Out

The PD is clear that when a customer opts out of CCA service and later opts back in to CCA service, the vintage date for that customer is the date the customer leaves bundled service.⁶ However, the Conclusions of Law and Ordering Paragraphs are unclear and appear to only apply

³ *Id.*

⁴ Decision ("D.") 05-12-041 at p. 28.

⁵ See e.g. *Opening Comments of Marin Clean Energy and the City of Lancaster on the Workshop Report*, filed April 30, 2015 at p. 12 (recognizing vintage dates based on phases); *Opening Brief of Marin Clean Energy, City of Lancaster and Sonoma Clean Power*, filed September 4, 2015 at p. 20 (same).

⁶ PD at pp. 14-15.

when a customer opts out when the CCA initially starts providing service. The PD should be clarified to provide that if a customer opts out of CCA service, at any point in time, that customer's vintage is set based on when the customer leaves bundled service. For example, if a customer that received service from CleanPower SF in 2016 opted out of CCA service on July 1, 2017, and then decided to leave bundled service and return to CleanPower SF service ten years later, on July 1, 2027, the customer's vintage would be 2027, the date the customer opted to leave bundled service. PG&E has included in Attachment A proposed changes to the Conclusions of Law and Ordering Paragraphs to ensure they are consistent with the language in the PD discussion.

III. PG&E HAS WORKED WITH CCA AND DA REPRESENTATIVES TO ADDRESS TRANSPARENCY AND FORECAST ISSUES AND LOOKS FORWARD TO PARTICIPATING IN THE WORKING GROUP

As PG&E explained in its *Comments on Power Charge Indifference Adjustment Inputs and Methodologies Workshop Report* filed on June 20, 2016 in this proceeding ("Workshop Report Comments"), subsequent to the PCIA Workshop in March 2016, SCP, Marin Clean Energy, the Alliance for Retail Energy Markets and Direct Access Customer Coalition, California Large Energy Consumers Association, Energy Users Forum, and PG&E have been working together to develop a proposal for a Mid-Term (*i.e.*, five year) PCIA Forecast that would be provided by PG&E to DA and CCA providers so that these providers can understand how various drivers might affect the PCIA rate, and can inform their planning and communications with their customers regarding the PCIA.⁷ PG&E plans to provide this

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⁷ Workshop Report Comments at p. 3.

Mid-term PCIA Forecast to DA and CCA representatives in 2016. PG&E looks forward to continuing collaborative efforts in the working group to be led by SCE and SCP.

Respectfully submitted,

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Attachment A

Proposed Modifications to Conclusions of Law and Ordering Paragraphs

Pursuant to Commission Rule of Practice and Procedure 14.3(b), PG&E respectfully proposes the following changes to the Conclusions of Law and Ordering Paragraphs in the PD. Underlining reflects proposed additions and strikethroughs proposed deletions.

Conclusions of Law

1. PCIA vintage should be assigned to a CCA territory based on the date of initial CCA service, except for customers that opt to remain with the incumbent utility and then opt back into CCA service at a later time. If a CCA phases-in service for a geographic area, the vintage date for CCA customers in the geographic area will be based on: (1) the first date of service specified in a Binding Notice of Intent (“BNI”) submitted by the CCA before it commences service for the first phase if the BNI specifies the date of service for the first phase and each subsequent phase; (2) if the CCA has not submitted a BNI specifying the date of service for each subsequent phase when it commences services for the first phase, the date of service specified in subsequent BNI(s) for each subsequent phase; or (3) the date a customer is given the opportunity to receive (or opt-out of) CCA service if no BNI has been submitted.

3. Customers opting out of CCA service ~~at the phase in date~~ should be assigned a new vintage if and when they opt into CCA service at a later date.

Ordering Paragraphs

1. Investor Owned utilities (IOUs) in California shall assign a Power Charge Indifference Adjustment vintage to loads within a Community Choice Aggregation (CCA) territory based on the initial service date by a CCA except for customers that opt out of CCA service and later choose to opt back in. If a CCA phases-in service for a geographic, the vintage date for CCA

customers in the geographic area will be based on: (1) the first date of service specified in a Binding Notice of Intent (“BNI”) submitted by the CCA before it commences service for the first phase if the BNI specifies the date of service for the first phase and each subsequent phase; (2) if the CCA has not submitted a BNI specifying the date of service for each subsequent phase when it commences services for the first phase, the date of service specified in subsequent BNI(s) for each subsequent phase; or (3) the date a customer is given the opportunity to receive (or opt-out of) CCA service if no BNI has been submitted.

2. If Customers opt out of Community Choice Aggregation service ~~at the phase in date~~ and opts back into CCA service as a later date, the Investor-Owned Utilities shall assign a Power Charge Indifference Adjustment vintage based on their date of departure from bundled service.

3. The parties in this proceeding shall work to draft vintaging rules that can be incorporated in to each utility’s respective CCA Tariff (e.g., Rule 23). Changes to the CCA Tariff to include vintaging rules shall be submitted by advice letter for Commission review and approval.

Attachment B
CleanPower SF Proposed Phase-In

Business Plan and Risk Assessment Update

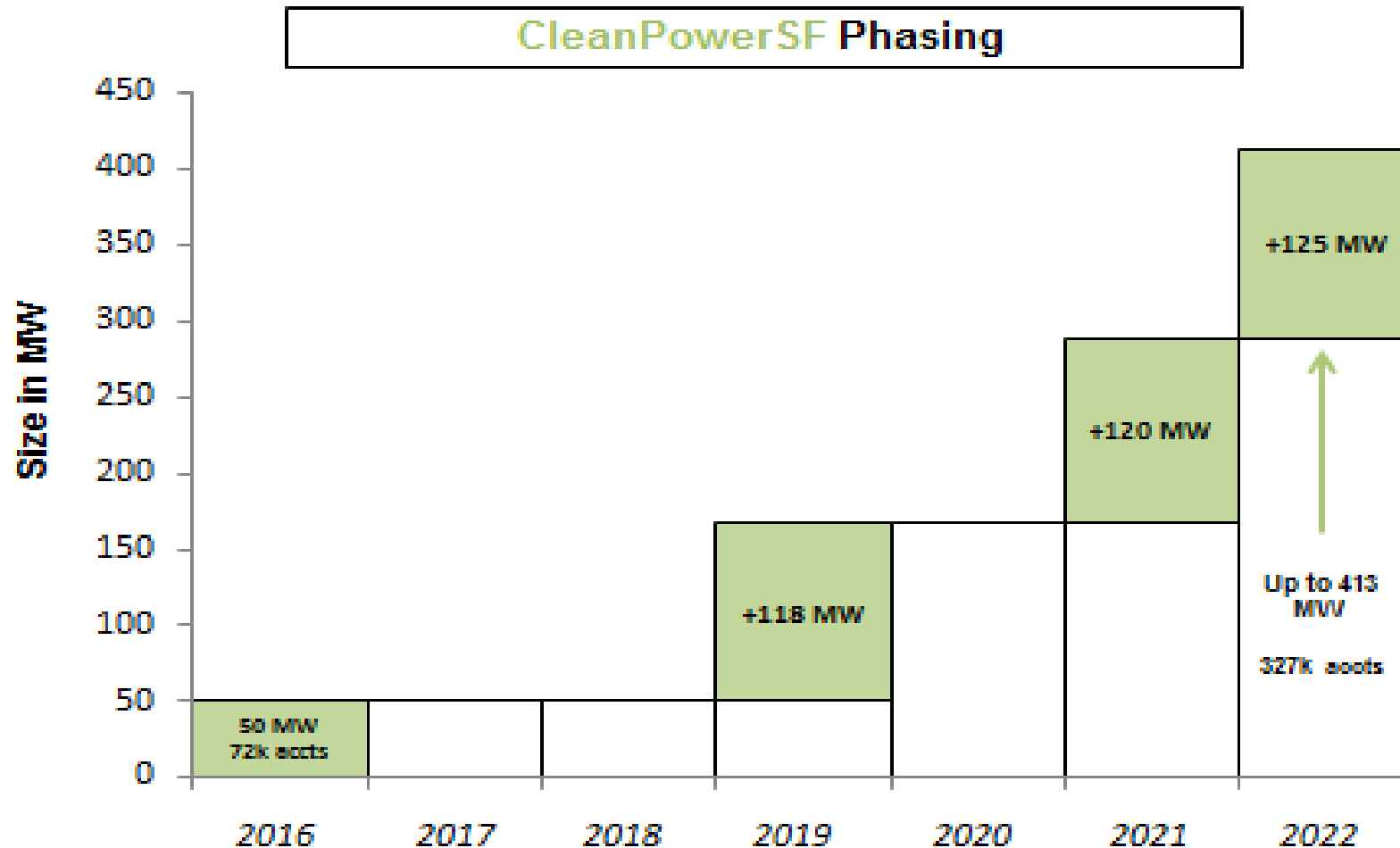


January 12, 2016



Photo Courtesy of Flickr CC: @Franco Folini

Initial Phasing Plan



Source: Pacific Energy Advisors Phasing Analysis December 4, 2015.